OVERVIEW
5-1

Management Board of Cabinet

OPS Management Series

Achieving Results

The Basis for Ontario's Management Approach

Introduction

Ontario's Management Philosophy identifies the achievement of results as one of the three fundamental characteristics of the management process. (The other two, accountability and decentralization of decision-making, are discussed in subsequent publications in this series.) It is the cornerstone of the management approach adopted by the Ontario Government and practised in the Ontario Public Service since 1974. This management approach is known as Managing By Results (MBR).

Managing By Results was developed to focus the attention of managers on two goals of equal importance: attaining objectives, and doing so through the economical use of resources. At the time MBR was introduced, both of these goals were recognized as prerequisites of responsible management. In the economic climate of the 1980s, they are even more important than they were a decade ago.

This publication explains the concept of Managing By Results. The first section defines the term as it is used in the Ontario Government, relates it to other elements in the management process, places it within the cycle of management functions, and indicates how MBR affects the manager's job. The second section provides background on the introduction and practice of this management approach in the Ontario Public Service, from the early 1970s to the present. The final section describes the government's plans for further extension and development of MBR during the 1980s.

Managing By Results
Ontario's Management Approach

What Is Managing By Results?

Managing By Results is a management concept that focuses on achieving results through the effective and efficient use of resources. It attaches equal weight to both of these goals. Implementation of the concept depends upon the existence of formal planning and control processes within the organization. It also calls for clear articulation of management objectives, accounting for the use of resources, and assessment of progress made towards the stated goals.

The objectives of a program or project are conditioned by the organizational setting: the mandate of the ministry or agency, policy decisions, and activities being carried out by other work groups. Therefore, they vary in detail from one situation to another. But all government programs and projects — indeed, all work in the public service — have a single broad purpose, and that is to provide a benefit to the public. Accordingly, the results that are to be achieved must be expressed in terms of public benefit. As well, where precise measurement is possible, they should be described in numerical terms. It is essential that the defined objectives be agreed upon by all managers who share responsibility for the program or project.

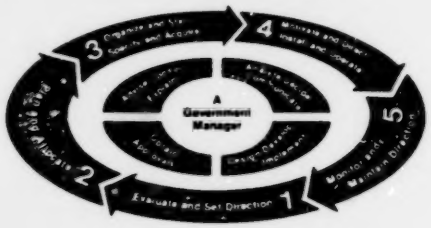
The requirement to account for the use of resources concentrates attention on managerial efficiency. Funds and personnel should be employed so that the maximum benefit is realized. To this end, the MBR approach allows managers considerable flexibility in deciding how to achieve the desired objectives.

The requirement of MBR that results be verifiable, implies the development of appropriate criteria by which progress can be assessed. Again, these will be particular to the program or project and to the work setting; but whatever the circumstances, results can and must be verified. As in the case of defining objectives, the verification criteria must be understood and accepted by all individuals who will be held accountable for the results. They also should be readily understandable to staff, so that they can recognize their own contribution and share in the satisfaction of achieving work objectives.

MBR in the Management Process

Managing By Results is clearly related to the other basic characteristics of the management process. It supports the concept of accountability by identifying what managers will be held accountable for — namely, the achievement of results by the effective and efficient use of resources. It also provides the means for holding managers accountable, by requiring the reporting of resources employed and the verification of results achieved.

MBR supports the idea of decentralized decision-making as well. By giving each manager clear responsibility for defining objectives, allocating resources, and measuring results, it permits delegation while maintaining control through the management hierarchy. In turn, the decentralization of decision-making can contribute to the efficient use of human resources. The manager who delegates tasks frees his own time for broader management responsibilities (such as planning) and has the opportunity to develop his staff to undertake increased responsibilities within the work group.



Management Cycle

MBR in the Management Cycle

The MBR approach is present in all phases of the management cycle. It is particularly predominant in steps 2 and 5. In Step 2, managers "plan and allocate": they define objectives, results and performance indicators, and they assign resources to the various tasks to be completed. In Step 5, managers "monitor and maintain direction": they apply the performance indicators to determine what progress is being made in relation to the stated objectives and results and they make any necessary adjustments in the work process to maintain efficient progress towards the desired results.

How MBR Affects the Manager's Job

Managing By Results is designed to give Ontario Government managers wide scope in carrying out their responsibilities, without sacrificing the control that is necessary in managing public resources. This control is maintained by the requirement that measurable results shall be achieved and the understanding that managers will be held accountable both for achieving results and for doing so efficiently. Within these broad limitations, managers enjoy considerable freedom in performing their assigned responsibilities.

They have the opportunity to use innovative approaches in accomplishing specific tasks; and, as mentioned earlier, they can broaden their own management role by delegating responsibilities to other members of the work group.

The MBR approach creates a working environment that is conducive to a high level of job satisfaction. The requirement to define objectives and assess progress towards them motivates managers and staff to achieve program and project goals. It also strengthens working relationships within the management hierarchy, for all participants clearly understand their responsibilities, their operating scope, and the expectations of superiors, and all can evaluate their performance by a common set of criteria applied to the results achieved.

The practice of Managing By Results requires managers to meet several functional responsibilities related to planning and control:

- They must define the objectives and results to be attained and develop criteria by which results will be verified. The validity of these objectives and criteria must be confirmed with superiors; and the objectives, results and criteria must be discussed with personnel who will be involved in the work, to ensure that they are clearly understood and accepted.

- They must assess the resources available and decide how they will be used to achieve the desired results. It is important that managers know the capabilities of their staff — not only their pre-

sent qualifications, but also their potential for further development in the work setting — and that they design their work plans to make the best possible use of these resources.

- They must undertake a thorough assessment of progress made at regular intervals during the program or project activity, as well as on its completion. Reference must be made to the stated objectives, and an accounting must be given for the funds and personnel used. Emphasis is placed on the need to document public benefit resulting from the work carried out; it is not enough merely to report tasks completed within the work plan. If the assessment indicates that objectives are not being met, or that improvement can be made in the use of resources, corrective action must be taken immediately.

These responsibilities are not onerous. In fact, they make the manager's job easier by clarifying the framework within which he operates and by maintaining the necessary focus on achieving results by efficient means. It is clear that results and efficiency will continue to be the overriding concern of the Ontario Government manager in the 1980s.

Evolution of the MBR Approach

Management Before 1969

The Ontario Government has traditionally focused on the public impact of its programs. However, it was not until the 1970s that this focus began to be expressed in terms of program results. That was because, although MPPs and civil servants believed that results were vital and ought to be reviewed and debated, some doubt prevailed as to whether or not such public benefits could be systematically defined and measured. Accordingly, the management of public resources was governed largely by a system of pre-audit financial controls. Within this system the emphasis was on ensuring that funds were spent exactly as authorized.

However, this kind of budget control was not conducive to revealing a program's effect in terms of public benefits. Thus, prior to the 1970s, it was not, for the most part, possible to measure a program's public benefits because the budget control system simply did not emphasize results control factors.

Indeed, during this time, the management of public resources was symbolized to some extent by the role of the Provincial Auditor who had been mandated under the Audit Act of Ontario. Until it was changed in 1971, the Act gave the Auditor explicit responsibility for approving every cheque issued by the province. This meant that the Auditor's signature had to appear on each cheque and that each cheque had to be matched, by one of the Auditor's staff, against the appropriate invoice before it was sent out.

Towards the end of the 1960s, a systematic planning and budgeting process was introduced for adoption by Ontario government managers. The Planning, Programming, Budgeting System (PPBS) was a management approach that attempted to tie program objectives to the budgeting process. It was the first formal and systematic attempt to develop a results orientation in the Ontario Public Service.

In the early 1970s, the Committee on Government Productivity (COGP) endorsed the change from a pre-audit to a post-audit type of operation. The latter was designed to "let the manager manage" in a way that had not been permitted under the old system. The COGP favoured an approach that would allow managers considerable flexibility in how they used resources allocated to them and at the same time would maintain control through increased accountability for the results of management decisions. The PPBS process then in existence bec ame the vehicle for implementing this new approach.

During its use, PPBS made a significant impact on the Ontario Public Service. For tho first time, the government organiza-

tion was structured along the lines of programs and activities. Objectives were set for each program and activity, and budgets were analyzed in relation to them. In addition, attempts were made to measure the results of programs in terms of public benefit and program effectiveness. These features of the system are still present in the Ontario Public Service, albeit in a modified form.

There were, however, numerous difficulties with PPBS, chiefly arising from its complexity. The system required the collection of large amounts of detailed information, it was time-consuming for managers to apply, and the measures used to evaluate programs seemed extremely complicated. Some managers resisted the use of the system because of these problems, and PPBS came under criticism for the magnitude of its work requirements in relation to the improvements it effected in government decision-making. PPBS was also criticized because it appeared to put undue emphasis on quantification and economic analysis to the detriment of abstract values, social factors and political judgement. It became apparent that an alternative management approach was needed, and it was in response to this need that Managing By Results came into being.

Managing By Results, 1974-1981

The concept of Managing By Results was developed by the Management Board Secretariat and adopted by the Government of Ontario in 1974. The new concept was devised as an approach that incorporated the merits of PPBS and avoided its complexity. It was intended to provide a straightforward means of measuring public benefit and program performance in relation to government expenditures — to compare tangible results with the amount of dollars spent to achieve them. The data and indicators of MBR were not to be taken as ends in themselves; rather, they would make it possible to assess expenditure requests in terms of the improvement in public service that would result from such spending.

The implementation of MBR required managers to document information on every program in each ministry. The documentation took the form of Results Abstracts, which included a statement of objectives, the results to be achieved, and the dollars to be spent on the program. Managing By Results coordinators were appointed to work with managers in assembling this information, and by 1978, four years later, 95 per cent of the government's budget was described in terms of Results Abstracts.

The task of preparing Results Abstracts focused the attention of public service managers on the twin MBR goals of achieving results and using resources efficiently. This emphasis was reinforced by developments affecting the role of government auditors in the period 1976-1978.

At the federal level, the Auditor General was given an expanded mandate for his scrutiny of government spending. He was empowered to verify that public funds were being spent with due regard for economy and efficiency and that adequate procedures were used to measure effectiveness. Subsequently, the Ontario Audit Act was amended to grant the Provincial Auditor a similar mandate for 'value for money' auditing.

The broadened scope of government auditing, combined with the Ontario Government's policy of expenditure restraint (in effect since 1975), created a favourable climate for implementing the Managing By Results approach. Its emphasis on results and efficiency, through management planning and control, supported the goal of obtaining value for money and would enable program expenditures to stand up to scrutiny by both the public and the Provincial Auditor.

Problems of Implementation

During the first four years of MBR practice, program managers were requested to set down in writing the results that they were producing. In contrast to the requirements of PPBS, the guidelines for MBR were clear and simple. Many managers, however, dealt with multi-faceted programs and complex results, some of which could not be articulated in concrete and quantifiable terms. Problems also arose in planning results for open-ended programs: managers had difficulty in expressing expected results, and in some cases they oversimplified. Consequently, the abstracts produced were not as useful as they must be for effective program management.

The limited utility of some Results Abstracts was noted by both ministry and central agency staff in the period 1978-1980. Both groups of managers agreed that if the MBR concept was to assist in program management, the quality of information in the abstracts must be improved. They also agreed that a review was needed of how such information was to be used. Following discussions among the Management Board Secretariat, the Provincial Auditor and ministries, it was concluded that a reassessment of the status of MBR was required. A Task Force on Managing By Results was established in late 1980 to carry out this study.

The Task Force on Managing By Results

The Task Force was made up of ministry line managers. Their task was to examine the practice of MBR in the Ontario Public Service, assess its usefulness in government decision-making, and recommend a course of action to Management Board — either to retain MBR or to adopt an alternative management approach.

As a result of its study, the Task Force arrived at the following conclusions:

- Managing By Results is a sound approach to management in the Ontario Public Service, and it will remain appropriate, for the following reasons: it embodies requirements and mechanisms for holding managers accountable for their decisions; it supports the goal of obtaining value for money in making public expenditures; and it meets the need of the public at large for information on the government's spending decisions.

- Some ministries have made excellent progress in developing results-oriented management systems; however, there is still considerable room for improvement in use of the MBR approach throughout the Ontario Public Service.

- Where experience with MBR has not been satisfactory, the difficulties have arisen from faulty implementation rather than from inherent flaws in the MBR approach.

In the light of these observations, the Task Force recommended that the MBR approach should be strengthened rather than replaced by another management concept. The Task Force also suggested that, although the Management Board Secretariat could assist ministries in improving the quality of Results Abstracts, it was only through the efforts of the ministries themselves that MBR could be made to work to full advantage. It was further proposed that Management Board should initiate a government-wide improvement project to assist ministries and central agencies in using MBR. Management Board accepted the recommendations of the Task Force; and in the spring of 1981, the MBR Improvement Project was launched.

Managing By Results Improvement

In accordance with the recommendations of the Task Force, the responsibility for MBR improvement is shared between ministries and the Management Board Secretariat. Their respective roles are summarized below.

Ministry Responsibilities

Ministries are responsible for incorporating the MBR concept into the management process and for strengthening their results orientation. As part of this effort, the achievement of results should be included in all appraisals of managerial performance.

In addition, ministries are responsible for improving the quality of information contained in Results Abstracts. In many cases, this will involve considerable refinement of the objectives and results indicators identified for specific programs. The Management Board Secretariat should be consulted to ensure that the abstracts produced will serve the purposes for which they are intended.

Each ministry has prepared a Managing By Results improvement plan and presented it to Management Board. Also, a senior executive has been appointed as the individual with overall responsibility for MBR improvement in the ministry.

The success of the improvement effort depends upon the commitment of the executive in each ministry. Therefore, the deputy minister and all senior managers must demonstrate their full support of the MBR approach to management.

Management Board Secretariat Responsibilities.

An MBR Improvement Project team was established within the Management Board Secretariat for the purpose of assisting ministries and central agencies in resolving any difficulties of implementation. The work of the Project will be carried on by Management Board Secretariat staff in future years.

One of the responsibilities of the project team is the preparation of information that will help program analysts and managers to understand the MBR concept and apply it appropriately within their respective ministries and agencies. The Managing by Results publications provide a precise and comprehensive description of the concept, which provides a framework for its application.

Training seminars for managers and analysts have been held and presentations have been made to senior managers and other interested individuals. Secretariat staff are available to ministries to assist them in improving the quality of MBR abstracts and applying the concept to the management process.

Expected Results of MBR Improvement

In broad terms, the aim of the improvement initiative is to effect implementation of the MBR concept consistently throughout the public service management structure. This goal is to be achieved by building a commitment to the MBR approach within all ministries and central agencies.

Proper application of the MBR concept will result in increased accountability on the part of public service managers for effective program management. They will be expected to achieve the stated objectives of programs and to do so through the efficient use of funds and personnel. By involving managers fully in the planning and control aspects of program management, MBR will provide them with the tools for meeting the government's accountability requirements.

The improvement of Results Abstracts that should follow from the improvement initiative will enable the Management Board of Cabinet and the Management Board Secretariat to make greater use of such information in analyzing estimates submitted, in facilitating program review and in controlling resource allocations. As well, the abstracts will facilitate regular review of the management of ministry programs. This wider application of MBR reports should serve to reinforce the commitment of ministries to improvement of their use of the approach in program management.

The specific and immediate target of MBR improvement is to upgrade the quality of information in the Results Abstracts beginning with those submitted by ministries with the 1983-84 Estimates.

Impact of MBR Improvement

Increased and appropriate use of the MBR management concept will provide a variety of benefits for individuals and organizations within and outside the government. These may be summarized as follows:

- Managers will operate within a clearly defined framework of roles and expectations that will allow them considerable freedom to choose the actions and approaches which will best enable them to achieve the stated objectives.
- Program analysts will be able to increase their contribution to sound decision-making through the availability of improved information.
- Ministries will be provided with an effective means of explaining and justifying programs and expenditures to Management Board and the public.
- The public service at large will benefit from a strengthened management structure, which will enhance job satisfaction and career opportunities not only for managers, but also for non-managerial personnel.
- Cabinet will have access to accurate, pertinent information in support of its policy decisions.
- The public will benefit from improved quality of service through better management of programs and resources. As well, it will gain assurance that value for money is being obtained in the government's use of public resources.

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ISSN 0-710-7986